GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:731
ANSWERED ON:04.03.2005
FOREIGN INVESTORS IN PRIVATE BANKS
Patil Shri Balasaheb Vikhe

Will the Minister of FINANCE be pleased to state:

(a) whether Foreign investors in private banks are insisting on voting rights beyond 10%;

(b) if so, the details thereof;

(c) whether the Government has taken any view on the demand of foreign- investors and its impact on the functioning of banks; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) : No, Sir.

(b) : Does not arise.

(c)&, (d) : With a view to encourage foreign banks to set up their subsidiaries and also to attract large investments in the banking sector, for making it more competitive, The Banking Regulation (Amendment) Bill1 was introduced in the Lok Sabha on 21.04.2003 to delete sub-section (2) of Section 12 of the Banking Regulation Act, 1949. However, till date no amendment has been done on this account.